



LEGAL SERVICES CORPORATION

REQUEST FOR PROPOSAL  
FOR FORENSIC ACCOUNTING SERVICES

OCTOBER 9, 2015

## **1. Introduction**

Legal Services Corporation (LSC) is inviting proposals from certified, independent public accounting firms to examine the financial records of one of LSC's legal aid grantees in order to determine: (i) the extent and nature of any apparent or latent irregularities in the grantee's cost allocation methodology for central administrative services provided to three different operational units and charged to various funding sources with different restrictions; and (ii) grantee's actual expenditures and deficit spending relating to these units for the period beginning October 1, 2011 to the present.

To be given award consideration, qualified candidates must have expertise and relevant knowledge in providing auditing and/or attestation services (governed by AICPA Generally Accepted Auditing Standards or AICPA Statements on Standards for Attestation Engagements) for organizations operating under non-profit generally accepted accounting principles (Accounting Codification Standard Subtopic 958-Not-for-Profit Entities). Respondents must also have experience performing financial review or audit services related to federal grants (governed under the Office of Management and Budget's Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards; 2 C.F.R. Part 200). Computer forensic analysis experience by at least one team member is preferred.

This is a time-sensitive review. The successful candidate must be available to begin work by **November 9, 2015**, and must be available to travel to both Washington, D.C., and Detroit, Michigan, as needed. The forensic accountants must complete their evaluations, analysis, and submit an interim final report of findings, assessment, and analysis no later than **December 14, 2015**.

## **2. About Legal Services Corporation**

LSC is a private, non-profit corporation established by Congress in 1974 to promote equal access to justice and to provide grants for high-quality civil legal assistance to low-income Americans. The Corporation is headed by a bipartisan board of directors whose 11 members are appointed by the President and confirmed by the Senate. LSC currently distributes \$343 million to 134 independent, non-profit legal aid programs with more than 800 offices that provide legal assistance to low-income individuals and families in every county in the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and Micronesia.

LSC awards grants through a competitive process and provides oversight of grantees to ensure program quality and compliance with statutory and regulatory requirements as well as with restrictions that accompany LSC funding. The Office of Compliance and Enforcement (OCE) reviews grantees for compliance with the Legal Services Corporation Act (LSC Act), applicable appropriations acts, and any other laws, rules, regulations, policies, guidelines, or other directives of LSC.

LSC grantee programs are independent 501(c)(3) organizations with their own boards of directors. The majority of board members are appointed by state and/or local bar associations

and at least one-third of whose members are eligible clients. They provide legal assistance to individuals in civil matters pursuant to locally established priorities that respond to pressing community needs.

The grantee that the candidate will evaluate receives grants from LSC and other public and private sources to provide free civil legal services to low-income in Michigan. The grantee also receives state and federal grants to provide free criminal defense representation to low-income individuals in state and federal courts in Michigan.

### **3. Project Purpose, Description, and Objectives**

LSC seeks to retain a forensic accounting firm or a public accounting firm with forensic experience to examine the financial records of the grantee in order to determine:

- (i) the extent and nature of any apparent or latent irregularities in the grantee's cost allocation methodology for central administrative services provided to three different operational units and charged to various funding sources with different restrictions; and
- (ii) the grantee's actual expenditures and deficit spending relating to these units.

The LSC Act and LSC Appropriations riders prohibit LSC grantees from using LSC funds or certain other funds for criminal cases or for representation of certain categories of alien residents. Some LSC grantees, including the grantee to be evaluated here, have separately funded public defender programs to handle criminal cases without performing alienage screening. In 2013, OCE's review of this grantee's data, statistics, and audited financial statements revealed questionable cost allocation through which the grantee used funds limited to civil legal services for payment of some administrative expenses of its public defender program during its 2012 Fiscal Year. LSC seeks to determine whether its grantee is continuing this practice. In the event that this practice has continued or is continuing, LSC also seeks to know the amount of LSC and non-LSC civil funds used towards prohibited activities from October 1, 2011 to present.

### **4. Statement of Work and Project Deliverables**

Using established forensic accounting principles, the successful candidate will evaluate: (i) the extent and nature of any apparent or latent irregularities in the grantee's cost allocation methodology for central administrative services provided to three different operational units and charged to various funding sources with different restrictions; and (ii) the grantee's actual expenditures and deficit spending relating to these units. LSC anticipates that the forensic accounting firm will perform the following tasks, though a candidate may propose alternative methods to achieve the project objectives:

- **Kick-Off Meeting (to be completed no later than November 9, 2015).** During the kick-off meeting, which will take place in Washington, D.C., LSC personnel will:
  - brief the forensic accounting firm on the financial and compliance history between LSC and the grantee;
  - provide background on LSC's regulatory and compliance requirements;
  - provide an inventory of the relevant documents it maintains.

The parties will also review expectations, roles, and responsibilities.

- **Periodic meetings.** LSC expects the firm's team members will be available for periodic meetings and conference calls with LSC.
- **Initial Document Review and Analysis (to be completed no later than November 18, 2015).** LSC has obtained relevant financial information from the grantee, including cost allocation methodologies, audited financial statements, and general ledger entries. LSC anticipates that the firm will conduct an initial review of LSC's documents, as well as any others requested, and that this review will inform the firm's workplan for on-site review of the grantee.
- **Workplan for On-site Review (to be completed no later than November 23, 2015).** After LSC's initial briefing and the completion of the firm's initial document review and analysis, the firm will submit a workplan for its on-site review of the grantee's accounting practices in Detroit, Michigan. The workplan should: (1) describe the scope of on-site review, including timeframe and cost; (2) list any grantee personnel to be interviewed; (3) detail whether computer forensic investigation is needed and, if so, the plan to conduct such an investigation; and (4) list any additional information the firm feels is relevant to achieving LSC goals.
- **On-site Review (to be completed no later than December 4, 2015).** LSC expects that the firm will have access to the following grantee information: (1) the grantee's records for all activities and financial transactions conducted from October 1, 2011 to present; (2) documentation obtained by and analysis conducted by the grantee's Independent Public Accountants; (3) documentation obtained by and analysis conducted by two independent accounting firms retained by the grantee to review and assess its internal controls, accounting process, and accounting department organizational structure; (4) grantee's automated case management and accounting systems; and (5) grantee's accounting manuals. The firm may also interview grantee's personnel, if needed.

- **Preparation and submission of Preliminary (Interim) Report (to be completed no later than December 14, 2015).** At the conclusion of its on-site review, LSC expects that the firm will provide LSC with its analysis and findings. The Interim Report should address: (i) the extent and nature of any apparent or latent irregularities in the grantee's cost allocation methodology for central administrative services provided to three different operational units and charged to various funding sources with different restrictions; and (ii) grantee's actual expenditures and deficit spending relating to these units during the from October 1, 2011 to the present.
- **Submission of a final report of analysis and findings (to be completed no later than January 4, 2015).** Upon LSC's review of the Interim Report, the firm will submit a final report of its analysis and findings.
- **Informal information exchanges.** LSC expects that the firm's team will answer questions and discuss its progress throughout the engagement term.
- **Travel.** LSC expects that the firm's team will be available to travel to both Washington, D.C., and Detroit, Michigan, as needed, during the engagement. LSC encourages minimizing costs, however, by conducting as much work as possible at the team's normal worksite(s).
- **Computer Forensic Analysis.** The firm should be prepared to provide or recommend computer forensic accounting services, such as data imaging, if needed. The candidate's proposed project plan and budget should include a range of costs for such services.

## 5. RFP Schedule of Events

LSC will make every effort to adhere to the schedule detailed below:

DATE	EVENT
October 9, 2015	RFP issued
October 16, 2015	Deadline for respondents to submit RFP questions
October 19, 2015	LSC responds to RFP questions
October 26, 2015	Deadline for respondents to submit proposals
October 27-29, 2015	Evaluation of proposals
October 30, 2015	Notification to successful firm of preliminary selection and contract negotiation
November 5 2015	Contract approval
November 9, 2015	Performance begins

## **6. Proposal Submission Requirements**

All proposals must be 10 pages or less, well-organized, and demonstrate how the consultant's proposed services, approach and methodology, qualifications, experience, and terms meet or exceed LSC's requirements. Proposals must also contain the following:

### **a. Firm Information**

- Provide the firm's full name, address, telephone number, contact person, email, and website.
- Provide a description of the firm, including brief history, number of employees, and number of years the company has been in business.
- Provide the firm's primary contact and back-up contact for this RFP. Please include title, phone number, and email address.
- Provide information regarding the firm's ability and resources to complete this project. Provide evidence of CPA status and relevant licensing. Candidates must maintain a business license to engage in contracting in the State of Michigan and the District of Columbia at the time of Proposal submission.
- Provide information regarding the firm's ability to conduct computer forensic analysis, including data imaging, if needed.

### **b. Relevant Experience**

- Provide examples of relevant project experience. For each example project, provide a brief description and include a reference with contact information. Firm should also provide examples of experience in providing auditing and/or attestation services (governed by AICPA Generally Accepted Auditing Standards or AICPA Statements on Standards for Attestation Engagements) for organizations operating under non-profit generally accepted accounting principles (Accounting Codification Standard Subtopic 958- Not-for-Profit Entities), as well as experience performing financial review and auditing services related to federal grants (governed under the Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards; 2 C.F.R. Part 200).

### **c. Pricing and Pricing Methodology**

- The firm must provide a fixed rate budget for this project, using Mission Oriented Business Integrated Services (MOBIS) rates, and should include direct and indirect costs and expenses (including travel).

**d. Project Staffing and Project Plan**

- The firm should provide a detailed project plan that includes estimated costs and expenses, forensic accounting procedures to be used, and estimated timelines for completion. To the extent the firm anticipates the need to conduct computer forensic analysis, such as data imaging, those costs must be included.
- The firm should provide résumés and/or biographies for the individuals proposed to staff this engagement and describe the role of each person. The lead CPA shall be certified by the National Association of Certified Fraud Examiners as a Certified Fraud Examiner or American Institute of Certified Public Accountants as Certified in Financial Forensics.

**e. Other Information**

- The firm may provide other information or material relevant to the review process or that provides additional features or value to LSC.

**7. RFP Related Questions**

All questions related to this RFP should be submitted by email to Helen Gerostathos Guyton, Assistant General Counsel, at [guytonh@lsc.gov](mailto:guytonh@lsc.gov), with a copy to Lynn Jennings at [jenningsl@lsc.gov](mailto:jenningsl@lsc.gov), **no later than 5:30 pm, Eastern Time, on October 16, 2015**. Answers to these questions will be copied to all RFP participants and posted to [lsc.gov/rfp-forensic-accounting-services](http://lsc.gov/rfp-forensic-accounting-services)

**8. Proposal Contact and Delivery**

Proposals must be in electronic form (PDF or Microsoft Word), and received **on or before 5:30 p.m., Eastern Time, October 26, 2015**. Please email your proposal and mail 5 hard-copies (post-dated October 26, 2015 or before) to:

Helen Gerostathos Guyton  
Assistant General Counsel  
Legal Services Corporation  
3333 K St. NW, 3rd Floor  
Washington, DC 20007  
Tel: (202) 295-1632  
E-mail: [guytonh@lsc.gov](mailto:guytonh@lsc.gov)

RFP respondents are solely responsible for ensuring that proposals are delivered on time. Late proposals may be accepted at LSC's sole discretion. All costs incurred in preparing proposals will be borne by the candidate. Any final contract awarded will not cover the candidate's proposal costs.

## 9. Proposal Evaluation Criteria

The contract will be awarded to the firm providing the **best value** to LSC as measured by the most advantageous balance of price, quality, and performance. Proposals will be evaluated based on the following criteria (not necessarily in ranked order):

### *a. Price*

- The reasonableness of the price for the service provided.
- Whether the price is realistic (especially for an estimate), reflects a clear understanding of LSC's need, and is consistent with other parts of the proposal.
- The cost of incidental expenses, including travel and transportation costs.

### *b. Quality*

- Qualifications and experience of firm and proposed staff
- Technical expertise
- Delivery schedule
- Project plan and approach

### *c. Performance*

- Timeliness (of delivery and deliverables)
- Capacity and technology
- Understanding of and ability to meet LSC's needs
- Responsiveness to LSC
- Professional Experience of representatives (similar clients, experience in required areas, awards received, etc.)

### *d. Demonstrated reputation for excellence in price, performance, and quality*

## 10. LSC's Rights

LSC reserves the right to:

- a. Accept or reject any or all proposals, or any part thereof;
- b. Waive any informalities or technicalities contained in any proposal received;
- c. Conduct discussions with respondents and accept revisions of proposals after the closing date;
- d. Make an award based upon various selection criteria;
- e. Request clarification from any respondents on any or all aspects of its proposal;
- f. Cancel or re-issue this RFP at any time;
- g. Retain all proposals submitted in response to this RFP; and
- h. Invite some, all, or none of the respondents for interviews, demonstrations, presentations, and further discussion.

**11. Confidentiality**

During the RFP process, the respondents may have access to confidential or proprietary information. By submitting a proposal, each respondent agrees that during the process and thereafter, it will not use such information for the benefit of itself beyond this RFP and any related work for LSC, nor disclose such information to any third party without the consent of LSC. Similarly, LSC will not disclose to any third party confidential or proprietary information provided by a bidder without the consent of the candidate, except as required by law (such as disclosures under the Freedom of Information Act (FOIA) as applicable to LSC).

**12. Freedom of Information Act**

The Freedom of Information Act and the associated LSC regulations may require, upon request, the release of certain documents held by LSC to the public, including portions of proposals submitted to LSC by third parties. In general, LSC will not release any documents that are exempt from disclosure because their release would cause competitive harm to a respondent. If a FOIA request for such documents is received, LSC will contact the respondent prior to any release of material. Nonetheless, respondents are encouraged to label information considered confidential as such in proposals at the time of submission.